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SUBJECT: Zagreb Daily Report - December 17, 2009

11. (SBU) ICTY reviews Croatia's cooperation: A Croatian delegation, led by Ministry of Justice Director General Gordan Markotic and members of the GoC task force investigating the missing artillery documents in the Gotovina case, appeared before the ICTY trial chamber on December 16 for a hearing. The hearing was on the status of the ICTY prosecutor's request, which reportedly originally covered some 158 documents. After considerable time trying to go through the list of documents, Presiding Judge Alphonse Orie requested that the parties meet outside of a formal court session (but with one or more judges present) to continue going through the list. A key focus will presumably be the list of 23 key documents at the center of the GoC investigation. At the conclusion of the hearing, Judge Orie said he does not expect to issue a decision on Croatia's compliance with the court order until after the holiday recess. ICTY's Zagreb representative told us he was pleased with the outcome of the December 16 proceedings. He added that he was hopeful that, in the end, Brammertz would come to the view that the Croatians are acting in good faith and are doing their best to find the documents.

2.(U) Russian Ambassador discusses South Stream with President Mesic: On December 16, following up on his Dec. 14-15 visit to Moscow, President Mesic met in Zagreb with the Russian Ambassador to Croatia, Robert Markaryan. According to a statement from Mesic's office, Ambassador Markaryan noted that due to Croatia's hesitation about the project, the South Stream gas pipeline would not go through Croatia. However, Croatia could have an interconnector to the pipeline through either Serbia or Hungary. This proposal would be on the agenda for discussion during PM Kosor's expected visit to Moscow sometime in the first few months of 2010.

13. (U) Croatian Government delays purchase of INA natural gas division from Hungarian MOL: The Government of Croatia (GoC) on December 16 signed an agreement with Hungary's MOL, the biggest shareholder in Croatia's largest oil and gas company, INA, delaying for one-year, to December 2010, the planned purchase by the GoC of INA's natural gas division. (Note: Part of the package when MOL recently increased its stake in INA was that the GoC would take on INA's gas division and the massive losses caused by a domestic gas pricing structure that forces INA to sell imported gas to Croatian customers below market value.) The delay of the nationalization of the natural gas division means that MOL-INA will be obliged to supply its customers with gas for one more year; however, INA was also given permission from the GoC to raise gas prices 13.6%. In a statement, PM Kosor told the press on Wednesday that the GoC was postponing the gas company purchase because of budgetary pressures.

14. (U) Ambassador Foley Addresses Young Professionals at Croatia's UN Academy: Ambassador Foley was the featured speaker on a Dec. 16 panel at the closing session of the UN Academy, an intensive nine-week international affairs program of study for young professionals organized by the Croatian UN Association. Ambassador Foley spoke about the U.S. perspective on the UN Security Council, UN Peacekeeping Operations and the nexus between the UN and NATO in Afghanistan. The Embassy financially supported the UN Academy, which organized weekly lectures by foreign policy practitioners. The closing session was covered by the Croatian Press Agency (HINA) and national daily, Vjesnik.

15. (U) The two lead planners of Exercise JACKAL STONE '09 return to

Croatia: JACKAL STONE planners from U.S. Special Operations Command Europe (SOCEUR) returned to Croatia this week, and on Dec. 16 provided the Ministry of Defense with an appraisal of Croatian performance during the ten-nation, month-long, Special Operations exercise last August and September. The remarks were well received by Croatia's Deputy CHOD and his staff and sparked a number of substantive discussions on how Croatian forces can advance their integration into NATO activities.

6.(U) Multi-national training event proposed for 2010: On Dec. 14, the Embassy and the Croatian Air Force sponsored a meeting on the Pleso Airbase near Zagreb to explore the potential for conducting a multi-national training event in Spring 2010 lead by US Special Operations Command Europe (SOCEUR) with Croatia and Hungary. This training event will give each country a significant night flying capability that is currently either limited or does not exist. The lack of pilots trained in night vision assisted flight has hampered the otherwise great success of Croatia's helicopter deployment to KFOR in Kosovo. Hungary, for its part, is seeking this training in preparation for their deployment of helicopters to ISAF as part of a proposed multi-national helicopter squadron. This event would be part of SOCEUR and the US Special Operations Command's (SOCOM) efforts working together in providing technical support to NATO Allies who are developing or improving aviation capabilities that could support special operations.

FOLEY